

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 14 March 2016

PRESENT: Councillor Nunn (Chair); Councillor Golby (Deputy Chair); Councillors Lynch, Chunga, Kilbride and Stone and Gowen.

1. APOLOGIES

None

2. MINUTES

The Minutes of the meeting held on 18th January 2016 were confirmed and signed by the Chair with the following amendments to item 6:

That the sentence "He also stated that the review is to ensure the Council have adequate safe guards in place" be omitted.

That the sentence "The Internal Auditors to investigate this matter fully" be changed "to review this matter fully"

That the sentence "The Senior Audit Manager stated that PWC have capacity and don't expect the report to take more than 9 or 12 months" be changed to "In response to a comment from a member of the committee the Senior Audit Manager stated that PWC has capacity and don't expect to take more that 9 or 12 months"

That the wording in the resolution be changed to state "The Audit Committee **AGREED** to support the review to be undertaken by the Internal Auditors"

3. DEPUTATIONS / PUBLIC ADDRESSES

None.

4. DECLARATIONS OF INTEREST

Councillor Kilbride declared a personal non pecuniary interest on item 6 as he had completed a print job for the cobblers in the past.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

None

6. SIXFIELDS INTERNAL AUDIT REVIEW- VERBAL PROGRESS UPDATE

The Senior Audit Manager addressed the committee and gave a verbal report. He advised that he is in a position to only give a verbal report as the review is ongoing. It was reported that a significant amount of information is being worked through and it would be inappropriate to give more than a verbal update as the review is ongoing.

In response to questions from the committee the Senior Audit Manager responded as below

That PWC is looking at arrangements Northampton Borough Council (NBC) has in place and is working through information NBC has provided. At this moment PWC has got the

information it needs to work with.

That PWC is looking at the evidence trail to ensure all actions taken place were in accordance with Council policy.

That PWC is not in a position to advise on a timeframe when the review will be completed.

The KPMG director addressed the committee. He advised that the review is ongoing and that KPMG are looking at governance, how decisions were arrived at and how money was handed over. He stated that key officers are met with regularly.

7. FINANCIAL MONITORING REPORT

The Strategic Finance Manager presented the report. The report presented the financial position to the end of December 2015 for the General Fund and HRA revenue and Capital budgets.

It also presented the car parking income and usage to the end of January 2016 and the updated position regarding the Council's outstanding debts to the end of January 2016. It was advised that the general fund revenue position to the end of December is forecasting a saving of £722k by the end of the year. The main variances that make up this difference were outlined on page 10 and 11 of the report and supported by the detailed information in the appendices.

The Strategic Finance Manager stated that the HRA revenue position to the end of December is forecasting a saving of £1,293k due to continued good performance of arrears management resulting in forecast lower contributions required to the Bad debt provision and in addition the identification of costs capitalised to capital schemes.

In addition to this, the Interest and finance costs are forecast to be under budget for the reasons for are mentioned in the report on page 11.

The GF Capital Programme is currently forecasting a roll forward of £1.5m and a saving of £236k to the end of December.

The HRA Capital Programme is forecast to slip £1.5 to 16/17 financial year in relation to the NPH Capital ITC budget and the managed budget on improvement to homes. It was reported that this is an improvement on the period 6 position reported to the last Audit Committee.

The corporate debt report was attached at Appendix 6. It was advised that the overall outstanding arrears have increased by £2m compared with same point last year.

In response to questions from the committee the Chief Finance Officer responded as below

- That the 3.25 million pound loan to NTFC was cancelled and removed from capital programme
- Council need to fund certain planning appeals from its reserves.
- A breakdown of Civic and Mayoralty expense can be provided.

The Revenues Manager clarified that Northampton Borough Council anticipated savings of 3.2 million but actual savings was 2.6 million but still have saved a great deal of money.

In response to questions from the committee the Strategic Finance Manager advised that there was an environmental service review of ground maintenance contract and the environmental services line reflects the pay mechanism deduction for poor performance of contract the Environmental Services contract.

In response to further questioning from the committee the Chief Finance Officer responded as below:

- That there were no successful candidates following interviews for an Assets Manager and therefore had an interim in place longer than anticipated. Not having someone in that role impacts the business. NBC have appointed a permanent candidate since.
- Restructure was needed to deliver savings in budget proposed.

In response to questions from the committee The Senior Audit Manager advised that reports regarding payroll and HR services come from LGSS internal audit.

The Chair requested that a brief report to be presented at the next meeting outlining the number of interim staff and vacant positions at the moment at NBC broken down into grade and department.

He also requested a short explanation on FA01, RG04 and HS05 in appendix 1 of the report.

RESOLVED

2.1 The Audit Committee considered the contents of the following finance reports:

- General Fund Revenue Monitoring (Appendix 1);
- General Fund Capital Monitoring (Appendix 2);
- HRA Revenue Monitoring (Appendix 3);
- HRA Capital Monitoring (Appendix 4).

2.2 The Audit Committee noted the position on car parking income and usage as at 31 January (Appendix 5A and 5B).

2.3 The Audit Committee noted the latest position in relation to the Council's outstanding debts as at 31 January (Appendix 6)

2.4 The Audit Committee considered whether it requires any additional information in order to fulfil its governance role.

8. ACCOUNTING POLICIES 2015/16

The Strategic Finance Manager presented the report. She advised that there are not many changes to the accounting policies outline in Appendix 1 from the previous year and are in line with CIPFA (Chartered institute of public finance and accountancy's). 3.2.3 was referred to in the report and the committee were advised that in the event that any changes to the accounting policies are identified they will be brought back to Audit Committee within the 2015/16 Draft Statement of Accounts at the July meeting. It was stated that these policies have been discussed with the Council's auditors, KPMG, who have confirmed they are in line with their expectations.

RESOLVED

The Audit Committee **APPROVED** the Accounting Policies for the 2015/16 statement of Accounts, as set out at Appendix 1.

9. EXTERNAL AUDIT UPDATE

KPMG Director submitted a report and elaborated thereon. He referred to P.59 of the agenda outlining financial statement audit, value for money arrangement works and logistics.

The Chief Finance Officer advised that from the 1st April NNDR system will be brought back in house from Wellingborough District Council.

In response to questions from the committee the Chief Finance Officer advised that at some point training will be open to all councillors surrounding business rates, how they are set, collected and the debts.

In response to further questions from the committee KPMG Director advised that salary grades are not cross referenced with other Councils.

KPMG Director referred to P.67 of the agenda which related to Northampton Town Football Club Loan and outlined the bullet points in the report. It was advised that he can issue an opinion on the accounts but can withhold the certificate until satisfied.

RESOLVED:

That the report be noted

10. INTERNAL AUDIT UPDATE

The Senior Audit Manager submitted the report and elaborated thereon. It was reported that in order to support the Council's wider assessment of value for money around the LGSS contract, PWC has agreed a Phase 2 to the work currently being undertaken on Phase 1. Phase 2 will focus specifically on reviewing the actual resources in place within LGSS to deliver the full range of contracted services, comparing that to the Council's understanding of the services being received and the resource committed to their activities. In addition, Phase 2 will consider non-staff costs invoiced to the Council. It was advised that PWC is in the process of agreeing the Terms of Reference for this review with the Council.

The Senior Audit Manager advised that observations and recommendations from both Phase 1 (a review of processes and controls supporting the delivery of specified LGSS services) and Phase 2 (a focused review of actual staff and non-staff levels within LGSS to deliver services across the full range of the contracted services) will be incorporated into one report which will be presented to the Audit Committee at its May 2016 meeting.

The Senior Audit Manager referred the committee to the changes to the internal audit plan outlined on p.79 of the agenda.

In response to questions from the committee regarding results of the internal audit going to Overview and Scrutiny Committee the Borough Secretary advised it is not normal process but if the Overview and Scrutiny Committee decide to look at aspects they can do so.

RESOLVED

That the report be noted

The meeting concluded at 19.20